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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 20-82]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Karma Job at karma.d.job.civ@mail.mil or (703) 697-8976.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 20-82 with attached Policy Justification and Sensitivity of Technology.

Dated: December 11, 2020.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, SUITE 101
ARLINGTON, VA 22202-5408

November 5, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 20-82 concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Canada for defense articles and services estimated to cost \$500 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, reading "Heidi H. Grant", is positioned below the word "Sincerely,".

Heidi H. Grant
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Canada

(ii) Total Estimated Value:

Major Defense Equipment*	\$300 million
Other	<u>\$200 million</u>
TOTAL	\$500 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

One hundred (100) Standard Missile 2 (SM-2) Block IIIC Missiles

One hundred (100) MK 13 Vertical Launch Systems (VLS) (canisters modified to employ the SM-2 Block IIIC missile)

Non-MDE:

Also included is obsolescence engineering; integration and test activity associated with production of subject missiles; canister handling and loading/unloading equipment and associated spares; training and training equipment/aids; technical publications and data; U.S. Government and contractor engineering, technical, and logistics support; and other related elements of logistical and program support.

(iv) Military Department: Navy (CN-P-APW)

(v) Prior Related Cases, if any: None

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: **November 5, 2020**

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Canada – Standard Missile 2 (SM-2) Block IIC Missiles

The Government of Canada has requested to buy one hundred (100) Standard Missile 2 (SM-2) Block IIC missiles; and one hundred (100) MK 13 Vertical Launch Systems (VLS) (canisters modified to employ the SM-2 Block IIC missile). Also included is obsolescence engineering; integration and test activity associated with production of subject missiles; canister handling and loading/unloading equipment and associated spares; training and training equipment/aids; technical publications and data; U.S. Government and contractor engineering, technical, and logistics support; and other related elements of logistical and program support. The total estimated program cost is \$500 million.

This proposed sale will support the foreign policy and national security objectives of the United States by helping to improve the military capability of Canada, a NATO ally that is an important force for ensuring political stability and economic progress and a contributor to military, peacekeeping and humanitarian operations around the world.

This proposed sale will provide Canada with SM-2 Block IIC missiles for installation on its planned 15 Type 26 Canada Surface Combatant (CSC) ships, ensuring its ability to operate alongside U.S. and Allied naval forces against the full spectrum of naval threats. Canada will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal U.S. contractor will be Raytheon Missiles and Defense, Tucson, AZ. The purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor(s).

Implementation of the proposed sale will require U.S. Government and contractor personnel to visit Canada on a temporary basis in conjunction with program technical oversight and support requirements, including program and technical reviews, as well as to provide training and maintenance support in country.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The SM-2 Block IIIC Active Missile maximizes existing SM-6 Block I active and SM-2 semi-active missile technology to deliver a low cost, medium range dual mode active/semi-active missile. Guidance, Ordnance and Power, Control and Telemetry (PC&T) Sections are derived from SM-6 Block I, Dual Thrust Rocket Motor (DTRM) and missile canisters are derived from SM-2. Planned changes include new dorsal sections and thrust vector control to accommodate the revised flight characteristics driven by the incorporation of the active missile capability. Improvements to the Guidance Section, communications plate and steering control section are planned to address obsolescence.
2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.
3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
4. A determination has been made that Canada can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Canada.

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